

Analysis of USF Reform NPRM Released 2/9/2011

COMPANY: Pioneer Telephone Association

Line	Description	Source	2010	2011	2012	2013	2014
REGULATED REVENUES							
Revenues - USF Support:							
LN1	NECA-ICLS	3 year forecast	\$3,896,996	\$3,842,880	\$3,754,289	\$3,667,741	\$3,583,188
LN2	NECA-LSS	3 year forecast	\$534,075	\$498,651	\$464,042	\$431,835	\$401,863
LN3	USF SNA	From USAC Appendix 1	\$0	\$0	\$0	\$0	\$0
LN4	USF HCL	3yr forecast and USAC Appedix 1	\$2,702,364	\$2,286,876	\$1,802,941	\$1,291,646	\$842,850
LN5	SUBTOTAL - USF	=(Sum LN1 thru LN4)	\$7,133,435	\$6,628,407	\$6,021,273	\$5,391,222	\$4,827,902
LN6	1.3 Loops		12,055	11,130	10,305	9,541	8,834
LN7	Annual USF Support per Line	=(LN5 / LN6)	\$592	\$596	\$584	\$565	\$547
LN7a	Monthly USF Support per Line	=(LN7 / 12)	\$49	\$50	\$49	\$47	\$46
Other Regulated Revenues:							
LN8	Other Interstate Revenues (ie. NECA settlements, Interstate Access, etc.)	Interstate Less ICLS and LSS	\$5,838,147	\$5,923,766	\$5,657,559	\$5,403,316	\$5,160,498
LN9	Other Revenue (ie Local, Intrastate Access, etc)	Total Reg Revenue Less Above	\$6,863,916	\$6,863,916	\$6,863,916	\$6,863,916	\$6,863,916
LN10	SUBTOTAL - All other Reg. Revenues:	=(Sum LN8 + LN9)	\$12,702,063	\$12,787,682	\$12,521,475	\$12,267,232	\$12,024,414
LN 11	TOTAL REGULATED REVENUES	=(LN7 + LN10)	\$19,835,498	\$19,416,088	\$18,542,748	\$17,658,454	\$16,852,315
Regulated Operating Expense, Interest, Other:							
LN12	Op. Expense	From Forecast	\$19,851,881	\$19,846,604	\$19,181,730	\$19,181,730	\$19,181,730
LN13	Interest	From Forecast	\$796,038	\$868,870	\$1,017,234	\$940,941	\$870,370
LN14	Other	All Other Income Stmt Items	\$0	\$0	\$0	\$0	\$0
LN15	TOTAL OPERATING EXPENSE, INTEREST, ETC	=(Sum LN12 + LN14)	\$20,647,919	\$20,715,474	\$20,198,964	\$20,122,671	\$20,052,101
LN16	Net Income Before Tax	=(LN11 - LN15)	(\$812,420)	(\$1,299,385)	(\$1,656,216)	(\$2,464,218)	(\$3,199,786)
LN 17	Net Investment	3 Year Forecast	\$21,409,351	\$18,514,386	\$19,754,935	\$21,078,606	\$22,490,969
LN 18	ROR	=(LN16 / LN17)	-3.79%	-7.02%	-8.38%	-11.69%	-14.23%
LN 18a	HCL Cap Revenue Effect	From Forecast			(\$580,675)	(\$1,168,031)	(\$1,739,514)
LN 19	TIER	=((LN13+LN16)/LN13)	-0.0206	-0.4955	-0.6282	-1.6189	-2.6763
NPRM Impacts					2012	2013	2014
LN 20	High Cost Loop Fund				\$159,831	\$392,857	\$659,719
LN 21	Safety Net Additive				\$0	\$0	\$0
LN 22	LSS				(\$282,150)	(\$572,850)	(\$855,000)
LN 23	ICLS				(\$102,300)	(\$207,700)	(\$310,000)
LN 24	\$3000/Ln Support Limitation	= Compare to Line 7			\$0	\$0	\$0
LN 25	Total Support Reduction	=(Sum LN20 thru LN24)			(\$224,619)	(\$387,693)	(\$505,281)
LN 25A	Total Monthly Support Reduction Per Line	=(Line 25 / Line 6 / 12)			(\$2)	(\$3)	(\$5)
LN 25B	% Support Reduction Per Line	=(Line 25 / Line 5)			-4%	-7%	-10%
LN 26	Estimated USF Support to be received if current NPRM is implemented:				\$5,796,654	\$5,003,529	\$4,322,621
LN 27	Modified Net Income	=(LN16 + LN25)			(\$1,880,835)	(\$2,851,911)	(\$3,705,066)
LN 28	Modified ROR	=(LN28 / LN 17)			-9.52%	-13.53%	-16.47%
LN 29	Modified TIER	=((LN13+LN27)/LN13)			-0.8490	-2.0309	-3.2569
LN 30A	Net Non-Reg Profit/(Loss)	2010 amounts carried forward			\$822,969	\$822,969	\$822,969
LN 30B	Modified Net Income with Non-Reg Profit	=(LN27 + LN30A)			(\$1,057,866)	(\$2,028,942)	(\$2,882,097)
LN 30C	Modified ROR with Non-Reg Profit	=(LN30B / LN 17)			-5.35%	-9.63%	-12.81%
LN 30C	Modified TIER with Non-Reg Profit	=(LN13+LN30B)/LN13)			-0.0399	-1.1563	-2.3113